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November 15, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-GAF-P1

Dear Ms. Cottrell:

Bay State Gas Company ("Bay State") is filing this letter and other related materials in compliance with the Order from the Department of Telecommunications and Energy ("Department") in the above-referenced docket. Specifically, the Department requested that Bay State report by November 15, 2005, all measures that it has taken to affirmatively inform its customers of the various options available to lessen the effect of commodity GAF increases this winter. D.T.E. 05-GAF-P1-P2-P3-P4-P5-P6-P7-P8, November 1, 2005, p. 8. The Department also requested that Bay State notify it of the steps it has taken to avail its customers of these programs. Id.

Over the past several months, Bay State has been communicating with its customers about higher gas costs and what they can do about them. Below is a brief description of the various initiatives Bay State is involved with.

- 1) Bay State provides all of its field employees with "pocket cards" that they share with customers. See Attachment A. The cards provide customers with information on the natural gas marketplace, trends with prices, how it will affect them and steps that they can take to combat higher commodity costs. In addition, it provides them with website addresses to obtain additional information. Similar information has been distributed to all employees to use when addressing customer inquiries. See Attachment B.
- 2) The Company is working with fuel assistance agencies, Bay State has developed, printed and distributed posters that provide the public with information about fuel assistance, income guidelines, low-income rate provisions and a listing of other resources they can turn to in a time of need. See Attachments C-1 (English Versions) and C-2 (Spanish Version). In addition to providing this poster to fuel assistance agencies, Bay State has distributed roughly 10,000 copies of the posters to Councils on Aging, mayors/town administrators, legislators, senior centers, human service agencies,

HeadStart offices and city/town clerks – encouraging them to post this information in areas of high visibility.

- 3) Bay State's customer newsletter, Gaslines, which is mailed in July and October 2005, provides customers with helpful information about gas prices, the Company's levelized budget program, and payment plan options. See Attachment D-1 (July 2005) and D-2 (October 2005). In addition, bill inserts have been provided to customers with information on the advantages of participating in a payment plan and energy conservation programs, respectively. See Attachments E and F. Bay State also provides this and other helpful information, including how to enroll in the Company's low income discount rates and ways to manage high bills, on its website - <http://www.baystategas.com>.
- 4) Bay State issued a press release to urge customers to take advantage of programs offered by Bay State, which could help mitigate the impact of winter heating costs. See Attachment G.
- 5) The Salvation Army's Good Neighbor Energy Fund, which provides assistance to Massachusetts residents in temporary financial crisis who cannot pay their energy bills and who do not qualify for federal or state assistance, has been promoted by Bay State. Specifically, Bay State has directly contributed to the Fund and issued a press release and other customer information encouraging donations. See Attachments H and I, respectively.
- 6) Bay State will be hosting customer meetings in western and southeastern Massachusetts on November 14th and 15th. These meetings are designed to provide commercial and industrial customers with information on gas costs and supply and conservation programs as well an opportunity to learn more about what the Bay State is doing to ensure adequate supplies this winter.
- 7) Bay State's President and Community Relations personnel have been actively meeting with many of the fuel assistance and social service agencies throughout its service territory over the past few months. These meetings are designed to provide these groups with an understanding of gas cost and supply issues and to address any needs or concerns that they may have.
- 8) In addition, Bay State's President, Community Relations and Demand Side Management personnel have participated in a number of forums sponsored by mayors and legislators throughout our service territory. In total, Bay State has participated in 27 different meetings with its fuel assistance and social service agencies, mayors, legislators, and other constituents.

- 9) Bay State made a presentation at the each of the Department's three public hearings, which were held in Lawrence, Springfield and Brockton. See Attachment J. In an effort to further provide information to opinion leaders, the Company mailed copies of the presentation to mayors and town managers throughout our service territory.
- 10) Bay State included the following bill message, which is limited to 28 characters per line and 10 lines per bill, on its November bills:

**Bay State Gas-
Residential & Commercial Rates**

Effective Nov 1, the Gas
Cost component of your bill
will change from \$X.XXXX to
\$X.XXXX per therm. This
increase is due to higher
gas prices typical in the
peak heating season. This bill
will reflect both summer
and winter rates.

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Carol Pieper, Esq., Hearing Officer
Service List (1 electronic copy)



natural gas prices

Know the facts and be prepared

National situation

- Due in part to the impact of recent hurricanes on oil and natural gas drilling in the Gulf of Mexico, the U.S. Energy Information Administration expects the cost of natural gas to rise significantly over last year.
- Although price forecasts depend on how quickly production recovers from hurricane damages, higher prices are expected to last through the heating season and beyond.
- For the past five years, the natural gas market has been very tight — any significant change in supply and demand, such as storms that disrupt production, or cold weather that increases customer demand, affects the market price of natural gas.
- Warmer-than-normal weather this summer drove up demand for natural gas to generate electricity for air conditioning and pushed wholesale natural gas prices higher.
- The Energy Policy Act of 2005 will help to increase natural gas supplies and promote efficiency over the long term, but will not have an immediate impact on prices.

How it affects you

- Even with normal weather conditions, heating bills will be higher than last year and could rise even more if weather is unusually cold.
- Colder temperatures and windy conditions make your heating equipment use more gas. Gas use often doubles month-to-month during the heating season.
- Current cost of gas appears on your monthly bill and is approved by state utility regulators.
- Bay State Gas passes through the cost of gas without mark-up or profit.
- We review Budget accounts mid-year to adjust for any unexpected increases in the cost of gas or your consumption.
- If you participate in the Customer CHOICESM program, ask your supplier how unstable gas prices might affect your contract.

Visit www.baystategas.com and click on DirectLink e-Services for useful tools to help manage your home's energy costs this winter.

What Bay States Gas is doing

- Bay State Gas buys its gas supply from a number of sources to ensure flexibility and reliability.
- We will have a reliable supply of natural gas to serve customers this winter.
- We offer programs that help manage the impact of higher, unstable gas prices on your energy budget.

What you can do

- Contact us to make payment arrangements at the first sign of any problem – don't wait for the threat of shut-off.
- Enroll in the Budget Payment Plan and spread your total annual heating cost more evenly over the year.
- Apply early for fuel assistance, if income-eligible.
- Use energy wisely by practicing good conservation habits. Follow simple energy-saving steps, and visit the U.S. Department of Energy Web site at www.hes.lbl.gov for a do-it-yourself home energy audit.
- Consider replacing older appliances with more energy-efficient models. Visit www.energystar.gov for information on washers, furnaces, programmable thermostats, and other home appliances that meet government standards for energy efficiency.

For more information

Bay State Gas – www.baystategas.com

American Gas Association – www.aga.org





How does natural gas get here -- where does it come from?

Most of the natural gas Bay State Gas customers use is purchased from various suppliers and comes from Canada, Texas, Louisiana and off-shore wells in the Gulf of Mexico. Gas wells are drilled to locate natural gas far beneath the earth's surface that can be thousands of feet deep. Natural gas is usually found in porous sedimentary rock that is surrounded by impermeable rock, which holds the gas in place. By drilling into the earth, a path is made for natural gas to reach the surface.

Natural gas is transported thousands of miles through very large-diameter underground pipelines from producing areas to our Massachusetts service areas. These systems are large diameter, high-pressure pipelines. Compressor stations maintain appropriate pressures within the pipeline along the route. And gate stations measure the natural gas and regulate its pressure at points where transmission pipelines connect with local distribution pipes, which are usually smaller in diameter and operate at lower pressures.

Distribution systems (gas mains) are pipes buried along the streets of natural gas customers. These pipes are owned by utility companies and extend to the gas services that connect to the meters at customers' homes and businesses. Interior gas piping then begins at the gas meter and connects to individual gas appliances and equipment.

Why have natural gas prices increased so much in recent years?

Bay State Gas purchases wholesale natural gas on behalf of its customers from a number of suppliers on the basis of various factors, including reliability, flexibility and price. State regulators routinely review our gas purchases to ensure that customers are being charged the appropriate price for the gas they use. Gas supply costs are reviewed and passed along to customers dollar for dollar, without profit.

Why have wholesale natural gas costs been increasing in recent years? The tightening of supply and demand began in 2000 and has led to higher and more volatile prices. Recently, hurricanes Katrina and Rita, which affected major Gulf of Mexico producing areas, drove up gas prices even further and are expected to continue to cause price concerns this winter. Prices are likely to remain high and volatile for at least a few years, because there are no clear signs that the supply of natural gas will increase in the immediate future. Exploration and development of natural gas can take years.

While we have seen a current investment surge among companies seeking new supplies of gas, both from drilling for Continental sources and also from LNG, no real supply and price impact is expected until 2008 and beyond.



How does Bay State Gas purchase natural gas for its customers? What is Bay State Gas doing to hold costs down?

Bay State Gas is doing its best to cushion the impact of higher gas prices on customers, while continuing to provide reliable and continuous natural gas service. To help ensure natural gas reliability, it purchases gas from a diverse group of natural gas suppliers under contract as well as on a spot basis, and injects natural gas into underground storage during the non-heating season for use in the winter months. To minimize natural gas price volatility, Bay State Gas uses natural gas storage that also meets peak heating demand. Bay State develops its optimal gas supply portfolio based on complex formulas and a number of factors, such as flexibility, reliability and price. Then, the gas supply costs are passed through to customers, without markup.

What can customers do to better manage their gas bills?

- To better manage their gas bills, customers should take advantage of the budget-billing program.
- If customers are on a low or fixed income, they should check with their fuel assistance agency to see whether they qualify for the Low-Income Home Energy Assistance Program (LIHEAP).
- At the first sign of bill payment problems, customers should call Bay State Gas about payment plans.
- Use energy wisely. Weather is the primary factor in determining how much customers pay for heat. Although no one can control the weather, customers can help manage their energy costs by using natural gas and other forms of energy wisely. A few simple weatherization tips can save as much as 10 percent on their energy bill.

What can Bay State Gas customers expect this winter?

How much Bay State Gas customers will pay this winter for natural gas will be difficult to predict, given the many factors that impact consumer bills, including the weather and the impact of the hurricanes in the Gulf that will take some time for the natural gas industry to assess. What we do expect is that consumer gas prices will increase, that consumer gas prices will be higher than last year, and that consumer gas prices may be higher than they have ever been before if current conditions continue.

Market forces currently are not conducive to a natural gas price drop. Supply and demand remain tight. Summer's hot temperatures did not provide relief, given that large amounts of natural gas were used to meet power generation needs. In summary, it looks like supply will be stretched tight for quite some time and that natural gas prices will remain high for the foreseeable future.

Is the National Energy Policy helping?

The Energy Policy Act of 2005 will help to increase natural gas supplies and promote efficiency over the long term, but it will not have an immediate impact on prices.



Where To Turn For HELP With Heating Costs

Whether you heat with gas, oil or electricity, your heating bills are going to be higher this winter. Global energy costs, supply and demand, the economy, and the weather will all play a part in pushing up heating costs this winter.

Income Limits			
Household Size	Maximum Income	Household Size	Maximum Income
1	\$19,140	5	\$45,220
2	\$25,660	6	\$51,740
3	\$32,180	7	\$58,260
4	\$38,700		

Low-income rates are also available if you participate in:

- Veteran's benefits • TAFDC • Food Stamps • SSI • EAEDC • Medicaid/Mass Health • Other qualified programs • Head Start • Public/Subsidized Housing
- National School Lunch/Breakfast Program • or any other means-tested public benefit program

Bay State Gas wants you to know that help is available! Fuel Assistance and Weatherization Assistance programs provide income eligible households with financial assistance to help pay winter heating bills. **If your income falls within the limits shown, or you receive government means-tested benefits,** call your local Fuel Assistance office for information on payment assistance and energy saving services that may be available to you.

For help, call your local Fuel Assistance office:

- | | |
|-----------------------------------|-------------------------------------|
| ■ Brockton area: (508) 588-5440 | ■ Springfield: (413) 272-2209 |
| ■ Taunton area: (508) 823-6346 | ■ Hampden County: (413) 552-1548 |
| ■ Plymouth area: (508) 747-7575 | ■ Northampton area: 1- 800-370-0940 |
| ■ Framingham area: (508) 620-1230 | ■ Lawrence area: (978) 681-4950 |

Valuable information is available at:

- | | |
|--|--|
| ■ www.baystategas.com | ■ www.energybucks.com |
| ■ www.masssave.com | ■ www.magoodneighbor.org |





¿Dónde buscar AYUDA con el costo de la calefacción?

Así su calefacción sea de gas, petróleo, o electricidad, sus cuentas de calefacción será más altas este invierno. El precio global de la energía, la oferta y la demanda, la economía y el clima tomarán parte en el aumento del precio de la calefacción en este invierno.

Límites de ingreso			
Integrantes de la familia	Ingreso Máximo	Integrantes de la familia	Ingreso Máximo
1	\$19,140	5	\$45,220
2	\$25,660	6	\$51,740
3	\$32,180	7	\$58,260
4	\$38,700		

Tasas de bajos recursos también están disponibles si usted participa en:

• Beneficios para veteranos • Ayuda transitoria para familias con hijos (TAFDC)

• Cupones de alimento • Ingresos de Seguro Social (SSI) • Ayuda de emergencia para personas de la tercera edad, discapacitados y niños (EAEDC)

• Medicaid/Mass Health • Viviendas Publicas/Subsidiadas • Head Start

• Programa Escolar Nacional de Almuerzo/Desayuno • o cualquier otro programa de beneficios p blicos con verificaci n de ingresos

Para mas información sobre la tasa de bajo recursos de MA, llame al 1-800-882-5454 o visite nuestra página Web.

iBay State Gas quiere que usted sepa que hay ayuda disponible! Los programas de ayuda energética y ayuda de climatización suministran a familias de bajos ingresos con ayuda financiera para pagar las cuentas de calefacción en el invierno. **Si sus ingresos están entre estos límites mostrados, o usted esta participando en uno de los programas para tasas de bajos recursos,** llame a la agencia de Asistencia Energética local para más información sobre ayuda de pagos y servicios de cómo ahorrar energía que sean disponibles para usted.

Para ayuda comuníquese con la oficina local de asistencia energética:

- rea de Brockton: (508) 588-5440
- Springfield: (413) 272-2209
- rea de Taunton: (508) 823-6346
- Hampden County: (413) 552-1548
- rea de Plymouth: (508) 747-7575
- rea de Northampton: 1- 800-370-0940
- rea de Framingham: (508) 620-1230
- rea de Lawrence: (978) 681-4950

Información de gran valor es disponible a:

- www.baystategas.com
- www.energybucks.com
- www.masssave.com
- www.magoodneighbor.org



GasLines

In this issue:

- Manage your account online with DirectLink e-Services
- Join the Budget Payment Plan
- Check your gas appliance connectors
- Natural gas still a home energy value
- Keep clear access to meters

www.northernutilities.com

Summer 2005

News you can use and information tips

Manage your account online with DirectLink e-Services

With DirectLink e-Services, our new online account management service for residential customers, you can perform many self-service options and find useful information when you need it with just the click of a mouse. Access is quick, convenient, and there's no enrollment fee!

- Get real-time account information
- View or download your current bill or retrieve previous bills for the past 24 months
- Check your most recent payment, account balance, current amount due, and due date
- Link to payment services, financial assistance, safety and conservation tips, and optional retail services for your home

Registration is easy!

Visit www.northernutilities.com and click on DirectLink e-Services from the home page. Then click on "New User" to create a brief user profile for the site.

Once you become a registered user, you're ready to set up your account

folder. You'll need the account number, and the primary account holder's name, date of birth and Social Security number. After you've successfully registered your account, DirectLink e-Services will give you immediate access to your personal account information each time you log in.

Register for DirectLink e-Services today at www.northernutilities.com

Join the Budget Payment Plan

Have more money available over the holidays!

In recent years, the country has seen the cost of winter heating rise as the supply and demand for natural gas forced prices higher than we've been used to seeing. While we can't predict what the weather will be like this winter, experts predict that natural gas prices will continue their unstable pattern.

Take the surprise out of winter heating bills by joining our Budget Payment Plan. The billing plan helps

to reduce the impact of volatile weather and gas prices on your household budget by spreading your total annual heating cost more evenly over the 12-month "budget year."

Joining the Budget Payment Plan is easy. Simply pay the budget payment amount shown on your August bill and you'll be automatically enrolled in the free service. It's fast and easy!



Check your gas appliance connectors

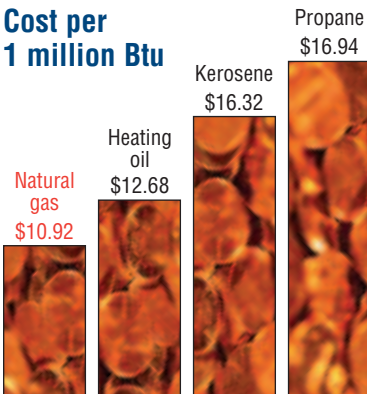
Gas connectors are corrugated metal tubes used to connect gas appliances in your home to gas supply pipes. Some older brass connectors may have a flaw in the joint to the end pieces. Over time, the end pieces can separate and cause a gas leak that could lead to property damage or injury if not replaced.

According to the National Consumer Product Safety Commission, these uncoated brass connectors have not been made for more than 20 years, but many of them are still in use. Older connectors are more susceptible to failure.

Although not all uncoated connectors have this flaw, it's difficult to tell which ones do. Therefore, any

uncoated brass connector should be replaced with either a new connector made of stainless steel or plastic-coated brass. Connectors should always be replaced whenever the appliance is replaced or moved from its location.

Do not move your appliance to check the connector. Contact a qualified professional appliance repair service to check your connectors and replace them if needed.



Natural gas still a home energy value

Despite the unstable market price of natural gas the country has seen in recent years, the clean, environmentally friendly energy source still offers value, according to the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy. Besides its comparatively lower cost, natural gas starts fast, provides warm, comfortable heat, and reduces our nation's dependency on foreign sources of energy. Nearly 70 percent of new single-family homes are heated with natural gas, followed by 27 percent with electric heat.

Keep clear access to meters

Our meter readers need clear access to your meter dials to get accurate readings. While you're working around your house this summer, be sure to trim bushes around your outside utility meters, or move stored items away from an inside meter.

If you're adding new plants to your landscape, be aware of their

potential size. Be careful to keep meter dials in easy sight if you try to camouflage meters and pipes with fencing, too.

If you have pets, note the date of your next scheduled meter reading on your monthly bill and be sure to keep them restrained away from the path to the meter that day.



GasLines

In this issue:

- Personal payment plan wipes out past-due balances
- Budget option still open
- Manage your account online
- Be aware of carbon monoxide's silent threat
- Several factors creating a perfect storm for natural gas prices
- Your bill is getting a total makeover!

www.baystategas.com

Fall 2005

News you can use and information tips



Personal payment plan wipes out past-due balances

In these times of an uncertain economy, extended military duty, and rising energy costs, unexpected financial hardship can affect many of us. If you're faced with winter heating bills you can't pay in full, please contact us early to arrange a personal payment plan to keep your account in good standing.

Payment arrangements may be made anytime 24 hours a day, seven days a week. Call our automated self-service at 1-800-688-6160 and press option 1 for billing information, payment questions, and budget plans. You'll hear your total balance, due date, and last payment information. From the

next menu, press option 2 for payment options. If you're eligible for a personal payment plan, press option 3 to apply for a credit agreement.

If you're experiencing extreme hardship and are eligible for state energy assistance, you still must contact Bay State Gas to make payment arrangements.

Budget option still open

Want more stable gas bills? There's still time to enjoy the benefits of the Budget Payment Plan

- Reduce the impact of higher gas prices
- Spread your energy expenses over a full year
- Know how much you can expect to pay each month
- Have more money available over the holidays

Visit www.baystategas.com and click on DirectLink e-Services for billing plans. Or call Bay State Gas DirectLink at 1-800-688-6160 and press option 1 for billing and payment information. We'll refigure the amount of your monthly budget payment based on the number of months remaining in the budget year. The budget amount is determined by the history of gas usage at your service address, the current and expected cost of gas, and normal weather.

Manage your account online

Visit DirectLink e-Services at www.baystategas.com to manage your account online this heating season. The new feature allows you to access real-time personal

account information, online billing and payment services, and links to many other useful tools to help manage your energy usage and costs.

Be aware of carbon monoxide's silent threat

When you seal your home against cold temperatures, be careful to avoid creating conditions that can produce carbon monoxide. Even though natural gas doesn't contain carbon monoxide, the colorless and odorless gas can be produced when there's not enough oxygen present for natural gas, oil, or any other fuel to burn properly.

Carbon monoxide gives no warning, but continued exposure can be extremely dangerous. A vehicle left idling in an enclosed garage can

produce enough carbon monoxide to cause illness. In fact, more than two-thirds of accidental deaths from carbon monoxide are caused by poorly vented vehicle exhaust, and by coal, kerosene, or wood burned in a fireplace or stove that's not vented properly.

To guard against carbon monoxide, have your furnace and water heating system serviced regularly by a qualified heating contractor. Proper adjustment and venting of equipment will help to ensure an adequate

supply of fresh air for combustion. Carbon monoxide detectors are also easy to install. They can alert you when the concentration of carbon monoxide in the air is above acceptable levels.

Your bill is getting a total makeover!

Watch your bill package this fall for a new bill design that will feature useful information to help you manage your energy use and cost. Your new bill will use a larger format for easy filing, and will be printed on both sides with information specific to your account. For customers who just want to know the bottom line of how much they owe and when it's due, a Billing and Payment Summary section will provide the basics right up front, as well as information on your actual account balance if you're on a payment plan. For others, a detailed itemization on the back of the bill will provide more explanation of the current month's charges and any optional services you've chosen.

Several factors creating a perfect storm for natural gas prices

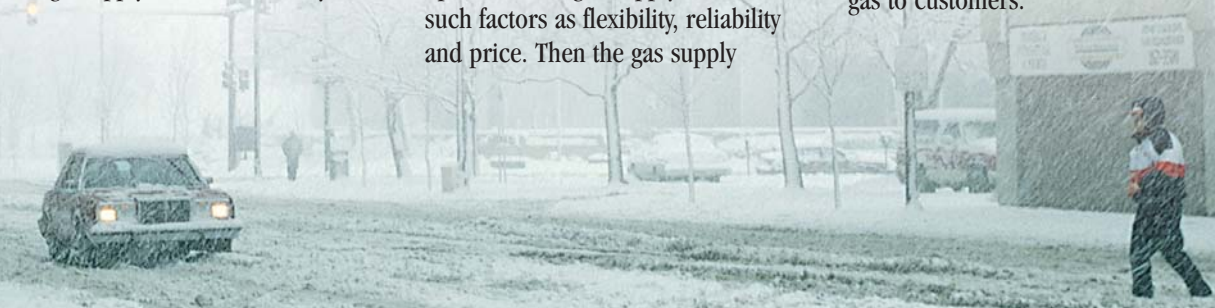
Due in part to the impact of Hurricane Katrina on oil and natural gas production in the Gulf of Mexico, the U.S. Energy Information Administration expects the cost of natural gas to rise significantly over last year. Although the severity of price forecasts depends on how quickly production recovers from hurricane damages, the impact on prices is expected to last into the heating season.

The market price of natural gas continues to reflect an extremely tight balance between supply and demand. In recent years, natural gas prices have risen because global demand for natural gas is rising faster than producers can get enough supply to market. So any

outside impact on supply and demand, such as storms that disrupt production, or cold weather that increases customer demand, raises the market price of natural gas — that's the price we pay producers for the gas you use. Utility companies have no control over these gas costs. Our gas supply purchases are reviewed and approved by state regulators before being passed along to our customers without profit.

We're taking action to cushion the impact of higher gas prices on customers. For example, we purchase gas under long-term, fixed-price contracts and put natural gas into storage during the non-heating season. Gas utilities optimize their gas supply based on such factors as flexibility, reliability and price. Then the gas supply

costs are passed through to customers dollar for dollar. Utilities are permitted to make profit only on service and delivery of natural gas to customers.



Controle el costo de la calefacción en el invierno. Inscríbase en el Plan de Pago Presupuestado.

¡Evite facturas que lo sorprendan!

Prepárese para las facturas de la calefacción del invierno al inscribirse en el Plan de Pago Presupuestado. Dicho plan divide los altos costos de la calefacción del invierno de forma más uniforme durante todo el año, y le permite efectuar el mismo pago presupuestado todos los meses. Lea la parte interior de este folleto para tener un ejemplo.

- ✓ Reduzca el impacto de los inestables precios del gas natural
- ✓ Divida los costos de la calefacción del invierno entre el año entero
- ✓ Sepa de antemano lo que puede esperar pagar cada mes
- ✓ Cuento con más dinero disponible durante las fiestas navideñas

Para inscribirse, pague el monto presupuestado en su factura de agosto

O llame a nuestro sistema telefónico automatizado DirectLink de autoservicio. Usted puede encontrar su número en su factura. Marque el "0" después del saludo inicial para servicio al cliente en español. Nuestro representante de atención al cliente lo conectará con un intérprete para asistirlo con sus preguntas o preocupaciones.



Winter heating bills can hit hard

Manage your heating costs
with the Budget Payment Plan

Lea la parte trasera de este folleto para más información.

Avoid surprise bills!

National energy forecasts predict that natural gas prices this winter will be higher than what we're used to seeing. Even if winter weather conditions are normal, your heating bills might be harder to manage.

Prepare for winter heating bills by joining the Budget Payment Plan now. The plan spreads the higher cost of winter heating more evenly throughout the year, and allows you to pay the same budget payment amount every month.

- ✓ Reduce the impact of unstable natural gas prices
- ✓ Spread your winter heating costs over a full year
- ✓ Know how much to expect to pay each month
- ✓ Have more money available over the holidays

It's easy to enroll!

Just pay the budget amount shown on your August bill. You can enroll by phone, too. Call our DirectLink automated self-service phone system at the billing number shown on your bill.

How the plan works

We determine your personal budget payment amount based on the gas usage at your address, 30-year normal temperatures, and the current and estimated cost of natural gas.

Sometimes, weather conditions and swings in the price of natural gas can have an unexpected impact on your gas usage and your actual bill amount. We review your account mid-year and adjust your budget amount, if necessary, to keep your actual account balance on track.

Know how much your gas bill will be each month! The Budget Payment Plan spreads the higher cost of winter heating more evenly over the year.

	Month	Actual Amount*	Budget Amount
	August	\$42.09	\$151.66
	September	55.13	151.66
	October	86.63	151.66
	November	172.24	151.66
Normally when heating bills peak	December	227.71	151.66
	January	277.76	151.66
	February	279.11	151.66
	March	249.35	151.66
	April	203.36	151.66
	May	111.32	151.66
	June	71.73	151.66
	July	43.57	151.74

Budget payment amount stays the same unless mid-year review shows a need for adjustment

\$1,820.00 \$1,820.00

* For example only. Assumes estimated rates for the 2005-2006 budget year and normalized usage per customer. Your costs may vary depending on your gas use, actual gas prices, and weather.



Introducing
MassSAVESM



www.masssave.com
1-866-527-SAVE

TAKE ACTION NOW...and save up to 30% on your home's energy needs for years to come.

Your gas and electric utilities and energy efficiency service providers want to show you how to save on your annual energy bills now and in the future.

By participating in MassSAVE, you will receive information on energy-saving practices for your home. If you are committed to investing in your home's energy efficiency and you qualify, we'll come to your home and provide you with a customized plan to reduce your energy bills and improve your family's comfort.

What's more, when you invest in improving your home's energy efficiency, your gas and electric utilities and energy efficiency service providers can offer you attractive financial incentives for eligible improvement measures. Financial incentives may include rebates and discounts.

CALL NOW AND REAP THESE BENEFITS:

- Savings on your energy bills all year, every year!
- Greater indoor comfort than ever before, in summer and in winter!
- Eligible improvements will pay for themselves in energy savings in just a few short years!

Call Toll Free 1-866-527-SAVE (7283)



MassSAVE is brought to you by participating gas and electric utilities and energy efficiency service providers. Some restrictions may apply; program guidelines subject to change.

MassSAVE is the Residential Conservation Services Program, financed and operated according to state law and under regulations of the Massachusetts Department of Telecommunications and Energy and the Massachusetts Division of Energy Resources.



Contact:
Charles E. Moran
Director, Communications
(413) 781-9200, ext. 2147

For Immediate Release:

Bay State Gas Company Urges Customers To Act Now To Help Manage Winter Heating Costs

Company's Conservation Efforts and Budget Payment Plan help customers mitigate impact of heating costs.

Westborough, Massachusetts – August 15, 2005 -- Bay State Gas Company today urged its customers to take steps now to help manage winter heating costs in light of all energy prices – including natural gas – being at historically high levels.

With these high levels, customers may receive higher monthly gas bills, even with normal temperatures this winter.

Customer natural gas costs are made up of two main components: delivery charges – the cost associated with delivering natural gas to customers and gas costs – the actual natural gas commodity that makes up approximately 70% of a customer's bill. Bay State Gas Company passes on these costs to the customer on a dollar-for-dollar basis.

"We believe gas costs will remain high for the foreseeable future, however at this point in time, it is too early to predict winter gas prices, and how they will relate to last year," said Stephen H. Bryant, president of Bay State Gas Company. "Regardless of the actual costs, there are real advantages for customers to act now in preparation for the upcoming winter."

There are several programs that Bay State offers to help customers:

Energy Efficiency Programs

Bay State's Partners in Energy Program provides energy-saving tips, guidance, and financial incentives to help customers increase the energy efficiency of their home. Derek Buchler, manager of the company's Demand Side Management Programs stated, "We will pay 50% of the cost, up to \$1,500, to help customers weatherize their homes or apartments. Additional rebates are also available to reduce the cost of replacing inefficient heating systems, water heaters, and old, drafty windows." Other programs exist for commercial customers as well.

(more)

Free Home Energy Assessments

Bay State Gas offers its residential customers home energy assessments that show how to make homes more energy efficient and comfortable. An energy assessment is a detailed study that indicates what energy efficiency improvements make the most sense from a cost/benefit standpoint. The home energy assessment can be requested online at <http://www.baystategas.com> (go to Retail Services & Products, then Energy Audits) or by calling 1-800-232-0120. Additional information about high efficiency heating equipment rebates may be found there as well.

Simple Conservation Tips

- Seal windows and doors.
 - Repair broken or cracked glass and putty older windows; check to see that windows close properly and window locks pull sashes together.
 - Make sure doors close properly; repair or replace non-working doorknobs, latches and striker plates.
 - Weather strip windows, doors and attic accesses; caulk the frames around windows and doors from the inside using a clear, pliable caulk.
- Install pneumatic door-closing devices on exterior doors to help everyone make quick exits.
- Seal other air leaks.
 - If you have a fireplace, be sure it is fitted with a tight sealing damper that is closed when the fireplace is not in use. If the fireplace is used infrequently, use a chimney block to eliminate heat loss.
 - Caulk foundation cracks and openings. Make sure kitchen and bath vent dampers close properly.
 - Seal air leaks in openings where plumbing or electrical wiring goes through walls, floors and ceilings. Check for drafts from electrical outlets, around ceiling fixtures and at attic openings.
- Insulate your heating pipes.
- Regularly replace furnace filters.
- Invest in timers for thermostats.
- Dust or vacuum radiator surfaces frequently.

(more)

Budget Payment Plan

Bay State Gas Company offers a Budget Payment Plan program to help manage winter heating costs that are anticipated to be higher than last year's.

The plan spreads the higher cost of winter heating more evenly throughout the year by allowing customers to pay the same amount every month. The budget payment amount is determined by the history of natural gas usage at the customer's service address and the current and projected cost of natural gas.

To enroll in the Budget Payment Plan program, customers need only pay the budget amount shown on their August bill. Customers can enroll in the budget plan at any time. However, the longer they wait, the higher their budget payment amount will be because there will be fewer months left in the budget year over which to spread the cost of winter heating.

"While the Budget Payment Plan won't reduce the amount a customer spends for heating this winter, it will help customers manage their budget more efficiently by levelizing the monthly payment," said Patricia Teague, Bay State's customer contact center manager. "With national energy forecasts predicting higher natural gas prices again this winter, the budget plan can be a useful option for consumers, particularly in the event of colder than normal weather this winter, which could drive heating bills higher."

About Bay State Gas Company

Bay State Gas Company, with headquarters in Westborough, Massachusetts, is one of the 10 energy distribution companies of NiSource Inc. Bay State Gas serves more than 300,000 customers in 100 communities in Massachusetts and, through its subsidiary, Northern Utilities, Inc., in New Hampshire and Maine. NiSource distribution companies serve 3.7 million natural gas and electric customers in nine states.

For more information on the company, visit www.baystategas.com.

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FOR IMMEDIATE RELEASE:

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Communications and Community Relations
Bay State Gas Company
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**NiSource Inc. and Bay State Gas Company Announce
\$50,000 Grant To Massachusetts Good Neighbor Energy Fund**
Gift Supports Salvation Army's effort to assist families.

BOSTON, MASSACHUSETTS (November 2, 2005) — Stephen H. Bryant, president of Bay State Gas Company, a NiSource company, today presented the Salvation Army's Good Neighbor Energy Fund with a \$50,000 grant from NiSource Inc. and Bay State Gas Company.

Several Bay State Gas officials were on hand at the Salvation Army's Boston headquarters to kick-off the annual fundraising campaign. The fund, which was established in 1985, is a non-profit cooperative effort by Massachusetts energy companies, which is administered by the Salvation Army of Massachusetts. The fund provides assistance to state residents in temporary financial crisis who cannot pay their energy bills and do not qualify for federal or state funds. Last year, over \$800,000 was raised to help more than 3,700 families in Massachusetts.

"Given the economic conditions and energy costs, many of the families may be asking for assistance from the Good Neighbor Energy Fund for the first time ever," Bryant said. "We recognize the importance of this fund and how it helps thousands of families every year heat their homes."

For information on the Salvation Army's Good Neighbor Energy Fund, visit www.magoodneighbor.org.

Based in Merrillville, Ind., NiSource Inc. is a Fortune 500 holding company whose operating companies engage in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. Bay State Gas Company, which serves over 280,000 customers in Massachusetts, is one of NiSource's 10 gas distribution companies.

NEWS RELEASE

FOR IMMEDIATE RELEASE



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Lt. Colonel Fred Van Brunt
The Salvation Army
(617) 542-5420

Massachusetts Good Neighbor Energy Fund's 2004-2005 Campaign Surpasses \$650,000 in Donations

Energy Assistance Provided to More Than 2,750 Families

Westborough, Mass. -- August 15, 2005 -- The Massachusetts Good Neighbor Energy Fund, a cooperative effort between the state's energy companies, their customers and The Salvation Army to help families in temporary financial crisis pay their energy bills, announces that its 2004-2005 "Give The Gift of Warmth" campaign has raised \$657,986 to-date. Most importantly, this year's donations have provided energy assistance to more than 2,823 needy families in Massachusetts. Since its inception in 1985, the Fund has collected more than \$12.6 million in contributions and helped more than 62,000 families.

Bay State Gas Company's director of community relations, Charles E. Moran, credited people's exceptional spirit of giving for the campaign's success. "Even with the sluggish economy, relatively high energy prices and a pretty harsh winter, the generosity and goodwill of residents in the Commonwealth toward their neighbors in need has come through in a way that should make us all proud." Moran added that the total figure raised is even more impressive when one considers the justifiable attention and support given to the tsunami disaster as the campaign was kicking off.

Lt. Colonel Fred Van Brunt of The Salvation Army, which administers the Fund, added, "In terms of money raised and people assisted, this will go down as one of the Fund's better campaigns in the twenty year history of the Fund. It shows that our audience of potential donors understands that the need for energy assistance is a real and urgent situation for thousands of Massachusetts residents each year."

The Fund is often the last resort for families who have not qualified for federal and state assistance programs. To qualify for assistance from the Fund, an applicant's gross household income must fall between a specified percent of the

Federal Poverty Income Guidelines. This year's maximum Fund disbursement is \$275 per eligible household per heating season.

Since its establishment in 1985, the Massachusetts Good Neighbor Energy Fund has raised over \$12.6 million and helped more than 62,000 families in need pay a month's energy expense. For more information on the Fund, call 800-262-1320 if you live in area code 413 or 800-334-3047 if you live in area codes 508, 617, 781 or 978.

Energy customers in Massachusetts can "Give the Gift of Warmth" by using the Good Neighbor Energy Fund donation envelope found in their utility bills during the winter months or through an 'add a dollar' program offered by some companies which allows customers to increase their monthly utility bill payment by one dollar or more. Or, customers can simply make a check payable to "The Good Neighbor Energy Fund" and send it to The Salvation Army, 147 Berkeley Street, Boston, Massachusetts 02116. To donate on line or for more information on the Fund, please visit www.magoodneighbor.org.

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For more information on the company, visit www.baystategas.com.

Bay State Gas Company Winter 2005-2006 Public Hearings Presentation

October 24, 25, and 27, 2005

Agenda

- Introductions
- Company Background
- Gas Supply and Pricing Issues
- Customer Information
- Demand Side Management
- Wrap Up

Company Background



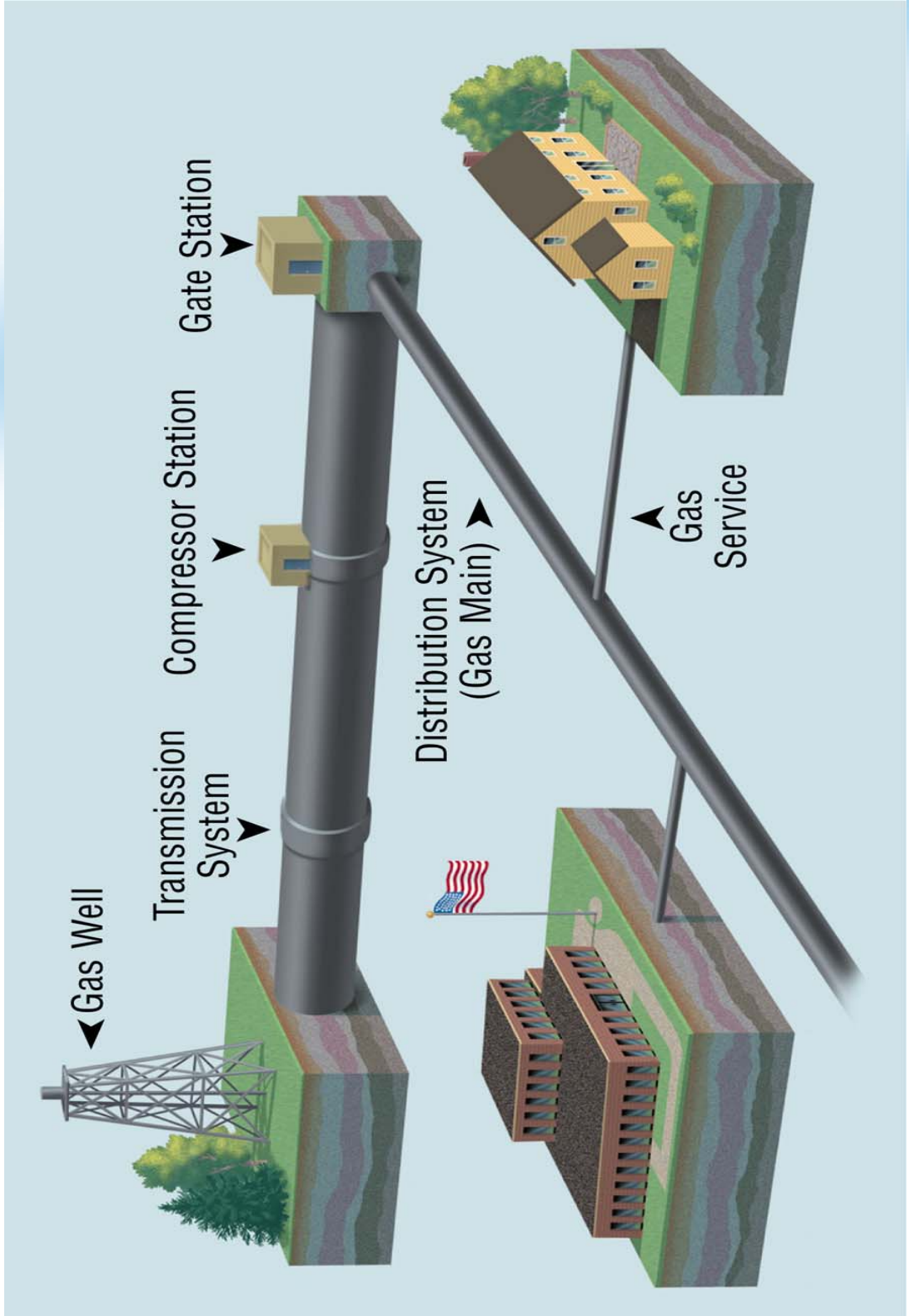
- Serve 62 cities and towns
- Brockton, Springfield, and Lawrence
- Recent CGA filing – 29% increase in gas costs
- Typical residential customer – avg. increase \$66 per month Nov. – April
- Company does not profit from higher gas costs

Gas Supply and Pricing Issues

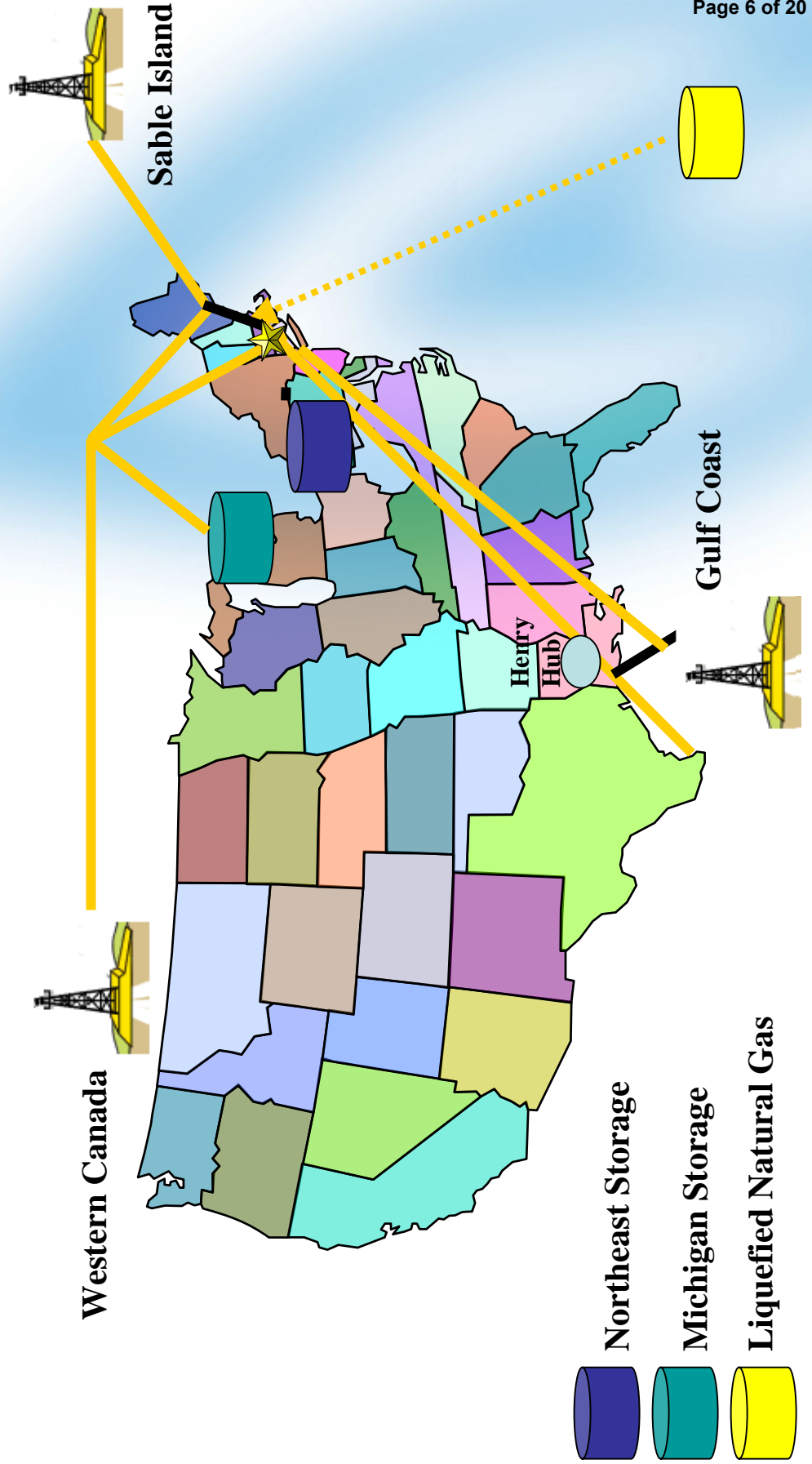


- Natural Gas Delivery System
- Natural Gas Supplies to the Northeast
- Components of Residential Heating Bill
- 2005-2006 Winter Supply Portfolio
- 3 Year Comparison – Cost of Gas Rates
- Recent Hurricane Damage
- Winter 2005-2006 Outlook

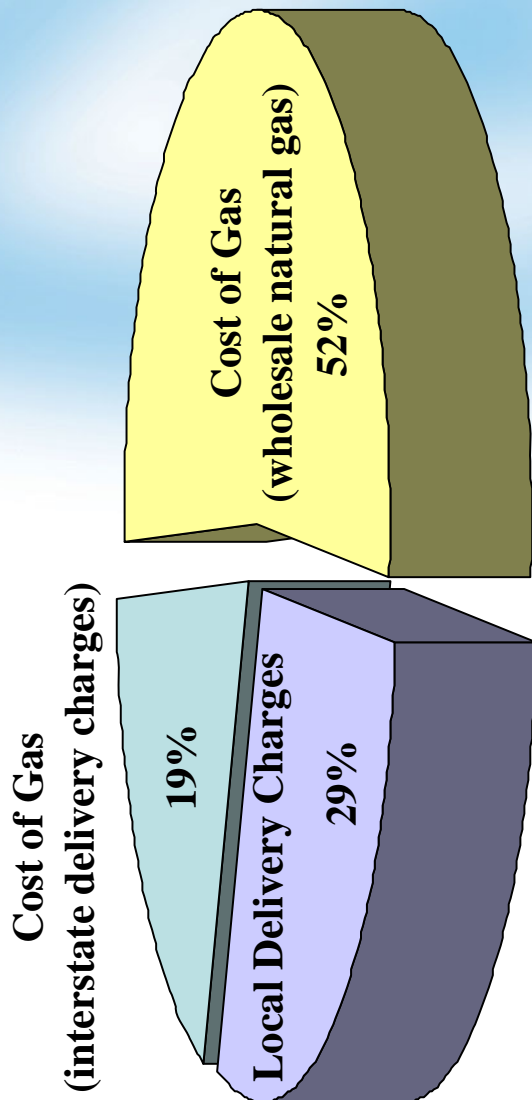
Natural Gas Delivery System



Natural Gas Supplies to the Northeast



Components of Residential Heating Bill



Recent Hurricane Damage



- Hurricane Katrina
 - August 29th – Significant Gulf supplies taken off line
 - September 12th – 50% of supplies are restored
- Hurricane Rita
 - September 22nd – Again, significant supplies are taken off line
 - October 13th – Significant supplies still off line

- The domestic U.S. will have adequate supplies for the coming winter because:
 - LNG Supplies will be diverted to the US
 - Resumption of Gulf production & processing
- The price that is paid for this very constrained resource will depend, however, on:
 - How quickly the Gulf recovers,
 - How soon weather related demand shows itself,
 - And how quickly the consumer responds to price signals.

Customer Information

- **Communications**
- **Budget Equalizer Plan**
- **Discount Rate**
- **Payment Arrangements**
- **Other Resources**

Bay State continues to communicate with its customers:

- GasLines Newsletters
- New bill format beginning with December bills
- Web site - www.baystategas.com
- Newspaper advertisements

Bay State also is working with those who can assist our customers:

- Municipal officials and legislators
- Social service agencies, councils on aging, and churches
- Fuel assistance agencies
- Good Neighbor Energy Fund

Signing up for the budget plan is easy:

- Available to all residential customers with a current payment status
- Customers can sign up at any time
- Enroll in plan on our IVR system – (800) 882-5454
- Pay proposed budget amount on January bill

Provides an excellent benefit to eligible customers:

- Approximately a 20% savings from total residential bill
- New rate take effect December 1, 2005
- Customers enrolled in program automatically eligible for all Financial Hardship protections

Who is eligible?

- Residential heating and non-heating customers
- Household income does not exceed 175% of the Federal Poverty Level
- Receiving certain public assistance benefits
- A list of eligible programs and steps on how to enroll are available

Bay State will work with customers to meet obligations without imposing undue hardship

Customer Information – Other Resources



- **Additional information available on:**
 - Agencies where customers may get financial help
 - New low income rates
 - Equalizer Budget Plan
 - Expected winter price / supply issues
- **Guidelines for fuel assistance**
- **Press releases**
- **"Gas Price Pocket Cards" and "Talking Points" (Q&A) for customers**

MA Legislature Assistance - \$80M Relief

- Home Heating Energy Tax Deduction
- Energy Efficiency Tax Credits
- Increased funding for LIHEAP
- Energy efficiency standards for key products
- Program to encourage use of renewable energy

Demand Side Management



- Utility energy savings programs
- Rebates for high efficiency equipment
- Newly proposed special \$25 rebate program
- Energy weatherization kits
- Energy audits
- Program awareness activities

Wrap Up



- Closing Remarks
 - Bay State Gas (800) 882-5454
 - DTE Consumer Division (800) 392-6066
- Q&A